DYNACAST (MELAKA) SDN BHD & ORS v. VISION CAST SDN BHD & ANOR

FEDERAL COURT, PUTRAJAYA
ARIFIN ZAKARIA CJ
ZULKEFLI AHMAD MAKINUDIN CJ (MALAYA)
RICHARD MALANJUM CJ (SABAH & SARAWAK)
ABDULL HAMID EMBONG FCJ
ZAINUN ALI FCJ
[CIVIL APPEAL NO: 02(f)-95-12-2014 (J)]
16 MAY 2016

CONTRACT: *Breach – Fiduciary duties – Confidential information – Enforceability of confidential clauses in employee's contract of employment – Claim for – Whether sufficient to merely state second defendant misappropriated private information from plaintiffs – Whether second defendant entitled to know details of confidential information allegedly misappropriated by him – Insufficient evaluation of evidence established at trial – Whether claim for breaches of confidentiality clauses failed on account of vague pleadings*

INTELLECTUAL PROPERTY: *Copyright – Infringement – Ownership of copyright – Whether proven – Whether there were similarities in plaintiffs' promotional material and defendants' brochure – Copyright Act 1987, s. 26*

CIVIL PROCEDURE: *Appeal – Appeal to Federal Court – Questions of law – Claim for breaches of confidentiality clauses in employment contract – Whether failed on account of vague and insufficient pleadings – Findings of courts below – Claims fought on facts and evidence – Whether Federal Court declined to answer questions raised*

The appellants ('the plaintiffs'), who were involved in the business of die-casting of component parts for various customers, commenced an action against the respondents ('the defendants'). The plaintiffs submitted that the second defendant, who was the regional director of the plaintiffs in charge of overseeing the plaintiffs' operation and management of the Asia Pacific region, had upon resignation from the plaintiffs' company, set up his own company ('the first defendant') engaging in similar die-casting business, and had misappropriated private and confidential information of the plaintiffs. Thus, it was alleged that the second defendant had breached the terms of his employment contract, employee confidentiality agreement and deed of restrictive covenant and/or his duties imposed by law and equity as the senior employee of the plaintiffs and/or his obligations of confidence imposed by law and equity. On the claim for breach of copyright against the defendants, the plaintiffs alleged that the first defendant in its promotional booklet featured many photographs adopted from the plaintiffs' materials either found on the website or the plaintiffs' advertising materials. As such,

it was alleged that the defendants had infringed the plaintiffs' copyright in the said work by committing acts which were controlled by copyright, namely by reproducing the said work and/or causing the said work to be communicated to the public without the license or authority from the plaintiffs. After a full trial, the High Court held that the second defendant, by soliciting for business from the plaintiffs' customers and using information he had obtained by virtue of his previous employment with the plaintiffs, was in breach of the obligations of confidentiality as provided for in the agreements he had entered with the plaintiffs. The defendants appealed to the Court of Appeal against the whole decision of the High Court while the plaintiffs cross-appealed against the dismissal of their claims on breach of copyright. The Court of Appeal allowed the defendants' appeal and dismissed the plaintiffs' cross-appeal. Hence, the present appeal.

The plaintiffs successfully obtained leave to appeal from this court on the following questions ('Leave Questions'), *ie*, (i) whether the principle of law in *Svenson Hair Centre Sdn Bhd v. Irene Chin Zee Ling* that protection of confidential information 'does not have any time limits' was a correct statement of law and would therefore have been binding on the second defendant even after his tenure with the plaintiffs had ended ('leave question 1'); (ii) whether s. 132 of the Companies Act 1965 on a director's obligation of confidentiality, and s. 28 of the Contracts Act 1950 on restraint of trade, were mutually exclusive such that a director would have to maintain confidentiality and/or observe his fiduciary duties in respect of confidential information even after his tenure of office had expired ('leave question 2'); (iii) where copyright of a collage was explicitly conceded by the commissioned agent company, was there still a need for evidence of the specific employee of the agent company to be within the provision of s. 26 of the Copyright Act 1987 ('leave question 3'); and (iv) whether the restrictive covenant clause, *to wit*, cl. 2(d) in the deed of restrictive covenants which carried the restriction that the second defendant would not, *inter alia*, divulge or breach the confidentiality of any confidential information gained during employment or 'at any time thereafter' was prohibited or rendered void by s. 28 of the Contracts Act 1950 ('leave question 4'). In their respective submissions, the parties proposed to deal with leave questions 1, 2 and 4 together as 'they collectively dealt with the central issue of the enforceability of confidentiality clauses in an employee or directors' contract of employment, and the further question of whether s. 28 of the Contracts Act 1950 applied to confidentiality clauses to render them as unenforceable as a restraint of trade.' The defendants, however, submitted that it did not matter how these leave questions were answered, as there would be no impact on the appeal since the plaintiffs' claims failed on the pleadings, facts and evidence as found by the Court of Appeal.

Held (dismissing plaintiffs' appeal with costs)
Per Richard Malanjum CJ (Sabah & Sarawak) delivering the judgment of the court:

(1) In relation to leave question 1, the proposition of law in *Svenson Hair Centre Sdn Bhd v. Irene Chin Zee Ling* should be considered in the context of the facts and circumstances of each case. In that case, the protection of confidential information did not have any time limits. The judge rationalised that a contrary view would mean an ex-employee could exploit confidential information with impunity. All that was needed to do was to wait until the expiry of the restriction period. Such an outcome could not have been intended by any of the contracting parties as it would defeat the very purpose of having a confidentiality provision in an employment agreement. This court agreed with the rationale. The proposition of law was a settled principle. (paras 19 & 20)

(2) While it was true that the plaintiffs' claim was only to enforce the contractual clauses related to confidential information entered and agreed upon by the second defendant, it was not sufficient to merely state in the statement of claim that the second defendant had 'misappropriated the private and confidential information of the plaintiffs.' Surely more particulars should have been given on the alleged misappropriated private and confidential information. The second defendant was entitled to know what were the private and confidential information alleged to have been misappropriated by him. It would then allow him to contest the claim of privacy and confidentiality of those information. After all, information will only be protected if it could properly be classed as a trade secret or as material which, while not properly to be described as a trade secret, is in all the circumstances of such a highly confidential nature as to require the same protection as a trade secret *eo nomine*. In the circumstances, there was no breach of fiduciary duty or even a breach of confidentiality by the second defendant in this case. (paras 28-30)

(3) The Court of Appeal found that there had been insufficient evaluation of the evidence established at the trial. The plaintiffs' primary witness could not pinpoint the 'documented information' of the plaintiffs that had been stolen or misused by the second defendant. It was incomprehensible how in the circumstances the trial judge could come to a conclusion that there had been poaching of the plaintiffs' customers by the defendants. Being factual findings, it was not within this court's province to interfere in this appeal. Those findings did not require intervention. While this court had expressed its view on leave question 1, it was inclined to hold that the answers to leave questions 1, 2 and 4, whether in the affirmative or negative, did not alter the fact that the plaintiffs' claim for breaches of confidentiality clauses must fail on

account of vague and insufficient pleadings as well as from the evidential aspect. This court, therefore, declined to affirmatively answer these three leave questions 1, 2 and 4. (paras 34-36)

(4) Both the High Court and the Court of Appeal took the view that the plaintiffs had not proved ownership of copyright of the materials referred to in their statement of claim. Firstly, there was no similarity between the plaintiffs' promotional material and the defendants' brochure insofar as its layout, its title or its contents were concerned. The contentious images/photographs were found dispersed at various pages in the plaintiffs' promotional material whereas in the defendants' brochure, some similar representations were found on all the cover pages thereof. Those certain images/photographs were of products belonging to entities like Motorola and Compaq as attributed in the plaintiffs' promotional material itself. Having considered the plaintiffs' pleaded case on the issue of copyright, the findings of the courts below and the respective submissions of the parties, this court held that the findings of the courts below were facts-sensitive. (paras 37-47)

(5) Section 26 of the Copyright Act 1987 was not featured in the judgments of the courts below. It would therefore appear that the claim was fought very much on facts and evidence as borne out by the findings of the courts below. As such, this court did not think that it should deal with the implication of s. 26. Accordingly, this court declined to answer leave question 3 as well. (para 48)

Bahasa Malaysia *Headnotes*

Perayu-perayu ('plaintif-plaintif') yang terlibat dalam perniagaan 'die-casting' bahagian komponen untuk pelanggannya, telah memulakan satu tindakan terhadap responden-responden ('defendan-defendan'). Plaintif-plaintif menghujahkan bahawa defendan kedua, yang merupakan pengarah serantau plaintif-plaintif yang bertanggungjawab menyelia operasi dan pengurusan plaintif-plaintif di rantau Asia Pasifik, telah atas perletakan jawatan daripada syarikat plaintif-plaintif, menubuhkan syarikat sendiri ('defendan pertama') yang terlibat dalam perniagaan 'die-casting' sama dan menyalahgunakan maklumat sulit dan rahsia plaintif-plaintif. Oleh itu, didakwa bahawa defendan kedua telah melanggar syarat-syarat kontrak pekerjaan, perjanjian kerahsiaan pekerjaan dan surat ikatan waad penyekat dan/atau tugasnya yang dikenakan oleh undang-undang dan ekuiti sebagai pekerja kanan plaintif-plaintif dan/atau obligasi keyakinannya yang diperuntukkan oleh undang-undang dan ekuiti. Bagi tuntutan pelanggaran hak cipta terhadap defendan-defendan, plaintif-plaintif mendakwa bahawa defendan pertama telah memaparkan gambar-gambar di dalam buku promosinya yang diambil daripada bahan plaintif-plaintif yang diperolehi di laman web atau bahan pengiklanan plaintif-plaintif. Oleh itu, dihujahkan bahawa defendan-defendan telah melanggar hak cipta plaintif-plaintif dalam kerja tersebut dengan melakukan tindakan yang dikawal oleh hak cipta, iaitu

dengan mengeluarkan semula kerja tersebut dan/atau menyebabkan kerja yang ingin disampaikan kepada orang awam tanpa lesen atau kuasa daripada plaintif-plaintif. Selepas perbicaraan, Mahkamah Tinggi memutuskan bahawa percubaan defendan kedua mendapatkan perniagaan daripada pelanggan plaintif-plaintif dan menggunakan maklumat yang diperolehi melalui pekerjaan terdahulunya dengan plaintif-plaintif telah melanggar obligasi kerahsiaan sepertimana yang diperuntukkan dalam perjanjian yang dimeterai dengan plaintif-plaintif. Defendan-defendan merayu kepada Mahkamah Rayuan terhadap keseluruhan keputusan Mahkamah Tinggi manakala plaintif-plaintif membuat rayuan balas terhadap penolakan tuntutan mereka atas pelanggaran hak cipta. Mahkamah Rayuan membenarkan rayuan defendan-defendan dan menolak rayuan balas plaintif-plaintif. Oleh itu, rayuan ini.

Plaintif-plaintif berjaya mendapatkan kebenaran untuk merayu daripada mahkamah ini atas soalan-soalan berikut ('Soalan untuk Kebenaran'), iaitu, (i) sama ada prinsip undang-undang dalam *Svenson Hair Centre Sdn Bhd v. Irene Chin Zee Ling* bahawa perlindungan maklumat rahsia 'does not have any time limits' adalah kenyataan undang-undang betul dan akan mengikat defendan kedua walaupun selepas tempoh perkhidmatannya dengan plaintif-plaintif tamat ('Soalan untuk Kebenaran 1'); (ii) sama ada s. 132 Akta Syarikat 1965 mengenai tanggungjawab kerahsiaan pengarah dan s. 28 Akta Kontrak 1950 atas sekatan perdagangan adalah suatu haluan saling eksklusif di mana seorang pengarah perlu mengekalkan kerahsiaan dan/atau mematuhi kewajipan fidusiarinya berkenaan maklumat sulit walaupun selepas perkhidmatannya tamat tempoh ('Soalan untuk Kebenaran 2'); (iii) di mana hak cipta sebuah kolaj dengan jelas diperakui oleh syarikat ejen bertauliah, sama ada keperluan untuk keterangan pekerja khusus syarikat ejen itu perlu terangkum dalam peruntukan s. 26 Akta Hakcipta 1987 ('Soalan untuk Kebenaran 3'); dan (iv) sama ada fasal waad penyekat iaitu kl. 2(d) dalam surat ikatan waad penyekat yang membawa sekatan bahawa defendan kedua tidak akan, antara lain, mendedahkan atau melanggar sebarang kerahsiaan maklumat sulit diperoleh semasa pekerjaan atau 'at any time thereafter' dilarang atau menjadi tidak sah di bawah s. 28 Akta Kontrak 1950 ('Soalan untuk Kebenaran 4'). Melalui hujahan masing-masing, plaintif-plaintif dan defendan-defendan mencadangkan untuk menangani Soalan untuk Kebenaran 1, 2 dan 4 bersama kerana 'soalan-soalan tersebut menyentuh isu utama berkenaan pelaksanaan klausa-klausa kerahsiaan di dalam kontrak pekerjaan pekerja atau pengarah dan soalan lanjut sama ada s. 28 Akta Kontrak 1950 terpakai kepada klausa-klausa kerahsiaan supaya tidak boleh dilaksanakan sebagai sekatan perdagangan'. Defendan-defendan, walau bagaimanapun, berhujah bahawa ia tidak kira bagaimana soalan-soalan kebenaran ini terjawab memandangkan ia tidak mempunyai kesan dalam rayuan disebabkan tuntutan pihak plaintif gagal dalam pliding, fakta dan keterangan seperti dihakimi oleh Mahkamah Rayuan.

Diputuskan (menolak rayuan plaintif-plaintif dengan kos)
Oleh Richard Malanjum HB (Sabah & Sarawak) menyampaikan penghakiman mahkamah:

(1) Berhubung dengan Soalan untuk Kebenaran 1, peruntukan undang-undang dalam *Svenson Hair Centre Sdn Bhd v. Irene Chin Zee Ling* perlu dipertimbangkan dalam konteks fakta dan hal keadaan setiap kes. Dalam kes itu, perlindungan maklumat sulit tidak mempunyai had masa. Hakim merasionalkan bahawa pandangan berbeza bermakna bekas pekerja boleh mengeksploitasi maklumat sulit sewenang-wenangnya. Apa yang perlu dilakukan adalah untuk menunggu sehingga tamat tempoh sekatan. Hasil sedemikian tidak mungkin diniatkan oleh mana-mana pihak berkontrak kerana ia akan menewaskan kehendak peruntukan kerahsiaan dalam perjanjian pekerjaan. Mahkamah ini bersetuju dengan rasional tersebut. Peruntukan undang-undang itu adalah satu prinsip yang tetap.

(2) Walaupun benar bahawa tuntutan plaintif-plaintif hanya untuk menguatkuasakan klausa kontrak berkaitan dengan maklumat sulit yang dimasuki dan dipersetujui oleh defendan kedua, ia tidak mencukupi hanya untuk menyatakan dalam pernyataan tuntutan bahawa defendan kedua telah 'menyalahgunakan maklumat peribadi dan sulit pihak plaintif'. Sudah tentu lebih banyak butiran sepatutnya diberikan terhadap maklumat sulit dan rahsia yang didakwa disalahgunakan itu. Defendan kedua berhak mengetahui apakah maklumat sulit dan rahsia yang didakwa disalahgunakan olehnya. Ia kemudian akan membolehkannya untuk mengakas tuntutan privasi dan kerahsiaan maklumat tersebut. Lagipun, maklumat hanya akan dilindungi jika ia dikelaskan dengan betul sebagai rahsia perdagangan atau sebagai bahan yang walaupun sebenarnya tidak boleh digambarkan sebagai rahsia perdagangan, adalah dalam segala hal keadaan bersifat sulit yang memerlukan perlindungan sama seperti perdagangan rahsia *eo nomine*. Di dalam keadaan ini, tidak terdapat pelanggaran kewajipan fidusiari atau pelanggaran kerahsiaan oleh defendan kedua dalam kes ini.

(3) Mahkamah Rayuan mendapati bahawa terdapat penilaian keterangan tidak mencukupi yang dibuktikan dalam perbicaraan. Saksi utama plaintif-plaintif tidak dapat mengenal pasti 'maklumat berdokumen' plaintif-plaintif yang dicuri atau disalahgunakan oleh defendan kedua. Ia tidak dapat difahami bagaimana dalam hal keadaan hakim perbicaraan itu membuat kesimpulan bahawa terdapat buruan oleh defendan-defendan terhadap pelanggan plaintif-plaintif. Sebagai dapatan fakta, mahkamah ini tidak fikir ia berhak untuk campur tangan dalam rayuan ini. Dapatan tersebut tidak memerlukan campur tangan. Walaupun mahkamah ini telah menyatakan pendapatnya dalam Soalan untuk

Kebenaran 1, ia cenderung untuk memutuskan bahawa jawapan kepada Soalan untuk Kebenaran 1, 2 dan 4, sama ada afirmatif atau negatif, tidak mengubah fakta bahawa tuntutan plaintif-plaintif untuk melanggar klausa kerahsiaan mesti gagal kerana pliding yang kabur dan tidak mencukupi dan juga dari aspek keterangan. Mahkamah, dengan ini, enggan secara afirmatif menjawab ketiga-tiga Soalan untuk Kebenaran 1, 2 dan 4.

(4) Mahkamah Tinggi dan Mahkamah Rayuan berpandangan bahawa plaintif-plaintif gagal membuktikan pemilikan hak cipta bahan yang dirujuk dalam pernyataan tuntutan mereka. Pertama, tidak ada persamaan di antara bahan promosi plaintif-plaintif dan risalah defendan-defendan berkenaan susur atur, hak milik atau kandungannya. Imej/gambar yang dipersoalkan tersebar dalam pelbagai halaman dalam bahan promosi plaintif-plaintif, manakala dalam risalah defendan-defendan, terdapat beberapa representasi sama pada semua halamannya. Sesetengah imej/gambar adalah produk kepunyaan entiti seperti Motorola and Compaq sepertimana dalam bahan promosi plaintif-plaintif sendiri. Setelah mempertimbangkan kes rayuan plaintif-plaintif mengenai isu hak cipta, dapatan mahkamah di bawah dan penghujahan pihak-pihak berkenaan, mahkamah ini memutuskan bahawa dapatan mahkamah di bawah adalah fakta sensitif.

(5) Seksyen 26 Akta Hakcipta 1987 tidak dinyatakan di dalam penghakiman mahkamah di bawah. Oleh itu, ia seolah-olah tuntutan itu diketengahkan berdasarkan fakta dan keterangan sepertimana disokong dalam dapatan mahkamah di bawah. Maka, mahkamah ini tidak fikir ia perlu berurusan dengan implikasi s. 26 dalam kes ini. Oleh itu, mahkamah ini tidak menjawab Soalan untuk Kebenaran 3.

Case(s) referred to:

Balston Ltd v. Headline Filters Ltd Another [1987] FRS 330 ***(refd)***
Coco v. A N Clark (Engineers) Ltd [1969] RPC 41 ***(refd)***
Deta Nominees Pty Ltd v. Viscount Plastic Products Pty Ltd [1979] VR 167 ***(refd)***
Faccenda Chicken Ltd v. Fowler [1987] Ch 117 ***(refd)***
Ixora Trading Incorporated v. Jones [1990] FSR 251 ***(refd)***
Maggbury Pty Ltd v. Hafele Australia Pty Ltd & Anor [2001] HCA 70 ***(refd)***
PH Hydraulics & Engineering Pte Ltd v. Intrepid Offshore Construction Pte Ltd And Another [2012] 4 SLR 36 ***(refd)***
Svenson Hair Center Sdn Bhd v. Irene Chin Zee Ling [2008] 8 CLJ 386 HC ***(refd)***

Legislation referred to:

Companies Act 1965, s. 132
Contracts Act 1950, s. 28
Copyright Act 1987, s. 26
Courts of Judicature Act 1964, s. 78(1)

For the appellant - Cyrus Das, Meyappan Pillai & Alvin Teo Sze Pin; M/s Meyappan Pilai Assocs

For the respondent - Lambert Rasa Ratnam, Bahari Yeow, Lim Zhi Jian & Johanan Puthucheary; M/s Nadzarin Kuok Puthucheary & Tan

[Editor's note: For the Court of Appeal judgment, please see Vision Cast Sdn Bhd & Anor v. Dynacast (Melaka) Sdn Bhd & Ors [2014] 8 CLJ 884 (affirmed); For the High Court judgment, please see [2010] 1 LNS 2009 (overruled).]

Reported by Suhainah Wahiduddin

JUDGMENT

Richard Malanjum CJ (Sabah & Sarawak):

Preliminary

[1] On 3 December 2014 the appellants successfully obtained leave to appeal from this court on the following questions ('Leave Questions'):

(i) whether the principle of law in *Svenson Hair Center Sdn Bhd v. Irene Chin Zee Ling* [2008] 8 CLJ 386 that protection of confidential information 'does not have any time limits' is a correct statement of law and would therefore have been binding on the second respondent even after his tenure with the appellants had ended;

(ii) whether s. 132 of the Companies Act 1965 on a director's obligation of confidentiality, and s. 28 of the Contracts Act 1950 Act on restraint of trade, are mutually exclusive such that a director would have to maintain confidentiality and/or observe his fiduciary duties in respect of confidential information even after his tenure of office has expired;

(iii) where copyright of a collage is explicitly conceded by the commissioned agent company, is there still a need for evidence of the specific employee of the agent company to be within the provision of s. 26 of the Copyright Act 1987;

(iv) whether the restrictive covenant clause, *to wit*, cl. 2(d) in the Deed of Restrictive Covenants which carried the restriction that the second respondent will not, *inter alia*, divulge or breach the confidentiality of any confidential information gained during employment or 'at any time thereafter' is prohibited or rendered void by s. 28 of the Contracts Act 1950.

[2] For convenience, in this judgment, unless otherwise stated, the appellants are referred to as the plaintiffs and the respondents as the defendants.

[3] On 18 March 2005 the plaintiffs commenced an action against the defendants. The basic allegation against the second defendant was that he had misappropriated the private and confidential information of the plaintiffs and thus he had breached the terms of his employment contract, employee

confidentiality agreement and deed of restrictive covenant and/or his duties imposed by law and equity as the senior employee of the plaintiffs and/or his obligations of confidence imposed by law and equity. And as against both the defendants the plaintiffs alleged that they had infringed the plaintiffs' copyright.

[4] A claim for passing off was also dealt with by the courts below. However, it is not part of the leave questions posed to us. As such we need not deal with it in this judgment.

[5] After a full trial the learned High Court Judge held that the second defendant 'by soliciting for business from Dynacast's customers and using information he had obtained by virtue of his previous employment with Dynacast was in breach of the obligations of confidentiality as provided for in the agreements he had entered with Dynacast.'

[6] Further, the learned High Court Judge did not accept the argument that the restrictive covenant entered by the second defendant offended s. 28 of the Contracts Act 1950 ('Contracts Act'). She held that the 'second defendant is in breach of his confidential obligations when he approached Dynacast's customers in respect of ongoing projects at the time he left Dynacast and should be held accountable for it.'

[7] The defendants appealed to the Court of Appeal against the whole of the decision of the High Court while the plaintiffs cross-appealed against the dismissal of their claims on breach of copyright and passing off. The Court of Appeal allowed wholly the appeal of the defendants and dismissed the cross-appeal of the plaintiffs. Hence, this appeal before us.

Background Facts

[8] The first plaintiff is a company incorporated in Malaysia whose address of service is at Lot No. 154, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka. The second plaintiff is a company incorporated in Singapore whose address of service is at No. 6, Second Chin Bee Road, Jurong, 618773 Singapore.

[9] The third plaintiff is a multinational company, incorporated in the United Kingdom, whose address of service is at Precision House, Arden Road, Alcester, Warwickshire, B49 6HN, United Kingdom. The first and second plaintiffs are wholly owned subsidiaries of the third plaintiff.

[10] The plaintiffs were and are involved in the business of die-casting of component parts on order for various customers. One of the plaintiffs' customers was Motorola Inc.

[11] The second defendant joined the second plaintiff in February 1980. He worked his way up holding various positions and became the Regional General Manager of the third plaintiff's Group of Companies (Dynacast Group) and finally the Regional Director of the third plaintiff. He remained in the employment of the plaintiffs until 30 June 2002.

[12] As the Regional Director of the third plaintiff the second defendant was in charge of overseeing the plaintiffs' operation and management of the Asia Pacific region of Dynacast Group. It was within his tenure of office, *to wit*, six months prior to his resignation that the second defendant was in charge of the plaintiffs' four product lines of precision die-cast component manufactured for Motorola called by the names - Guppy, Waris, Piranha and Malin.

[13] Upon his resignation the second defendant joined GT Industrial Singapore Pte Ltd (GTI) from 1 July 2002 until September 2003. And on leaving GTI, the second defendant set up his own company, the first defendant, in October 2003. The first defendant is engaged in a similar die-casting business.

[14] For their claim (first head) against the second defendant for misappropriation of private and confidential information of the plaintiffs and thus breached his terms of employment contract, employee confidentiality agreement and deed of restrictive covenant and/or his duties imposed by law and equity as the senior employee of the plaintiffs and/or his obligations of confidence imposed by law and equity, the plaintiffs relied on the following documents, namely:

(i) A letter dated 29 January 1980 offering the second defendant a post of a quality control engineer - (exh. P16) containing a clause that states, *inter alia*:

> You undertake, both during the period of your employment and at all times after the termination thereof, to keep the secrets of this Company and that you will not (except in normal course of this Company's business) publish any literature or make any communication with the press relating to the Company's products or any matters with which the Company may be concerned; neither will you undertake on your own account or with other persons any trade, business or profession or accept any form of paid employment unless you have previously applied for any obtained the written permission from the Company;

(ii) An Employee Confidentiality Agreement dated 4.07.1987 - (Exh. P17) with reference to paragraphs 2 and 3 that read:

> I hereby recognise that documented information (eg drawings, reports, data held on computer discs, software etc) including, but not limited to, material, tooling, machines, equipment, designs, processes, formulae, projects, products, costs, financial data, marketing plans, customer and supplier lists or business projections used by the Company in its business (referred to hereafter collectively as "Confidential Information") constitute valuable trade secrets which are the property of the Company, and/agree not to disclose or use the same other than in the business of the Company.

Specifically, I agree:

(a) not, directly or indirectly, to disclose or make available to anyone or to use outside the Company organisation during or after my employment, any Confidential Information unless the prior written consent of an officer of the Company has been obtained to such disclosure or use.

(iii) A letter dated 6.08.1997 appointing the 2nd Defendant as Regional General Manager for Asia Pacific - (Exh. P18) containing a term that states this:

Conditions of Employment:

All other Company Conditions of Employment remain unchanged; and

(iv) A Restrictive Covenant dated 20.12.1999 - (Exh. P19) with clause 2.1(d) expressly providing that the 2nd Defendant:

will not (except in the proper performance of his duties as an employee of the Group or as required by law) during the period of his employment with the Group or at any time thereafter divulge to any person whomsoever or otherwise make use of (whether for his own or another's benefit), take away, conceal, or destroy or retain and shall use all reasonable endeavours to prevent publication or disclosure or any trade secret or other confidential information concerning the businesses, finances, dealings, transactions or affairs of the Group or any of its customers or clients entrusted to him or arising or coming to his knowledge during the course of his employment with the Group;

[15] On the claim for breach of copyright (second head) the plaintiffs alleged that the first defendant in its promotional booklet and/or leaflet featured 'many photographs adopted from the plaintiffs' materials either found on the website or plaintiffs' advertising materials' ('the said work'). As such the defendants 'have infringed the plaintiffs' copyright in the said work by committing acts which are controlled by copyright, namely, by reproducing the said work and/or causing the said work to be communicated to the public without the license or authority from the plaintiffs.' It was further alleged that the defendants adopted the said work and/or exposed the same to the public knowing such photographs and drawings would 'induce, enable, facilitate or conceal an infringement of the plaintiffs' copyright in the said work'.

[16] The plaintiffs also pleaded that the defendants 'have consciously intended to mislead potential clients by falsely representing in their promotional leaflets that (i) specialised items manufactured by the plaintiffs to their client's specifications in previous projects were items manufactured by themselves; and/or (ii) the plaintiffs' manufacturing facilities and/or die-casting machines incorporating the plaintiffs' specialised technology were

their own, thereby appropriating the plaintiffs' track record and/or experience in manufacturing such specialised items and/or perceived ability to manufacture the same.'

[17] In their defence the defendants denied all the allegations of the plaintiffs. The second defendant averred that he did not breach any of the terms of his employment with the plaintiffs when he incorporated the first defendant. The defendants also stated that the plaintiffs failed to prove their claims for copyright infringement and passing off.

Leave Questions 1, 2 And 4

[18] In their respective submissions learned counsel for the plaintiffs and defendants proposed to deal with Leave Questions 1, 2 and 4 together as 'they collectively deal with the central issue of the enforceability of confidentiality clauses in an employee or directors' contract of employment, and the further question of whether s. 28 of the Contracts Act applies to confidentiality clauses to render them as unenforceable as a restraint of trade'. We agree with such approach.

[19] Hence, in relation to leave question 1 we would at the outset say that the proposition of law in *Svenson Hair Center Sdn Bhd v. Irene Chin Zee Ling* [2008] 8 CLJ 386 should be considered in the context of the facts and circumstances of each case. Thus, in that case the protection of confidential information did not have any time limits because cl. 7.02 of the employment agreement expressly stated that the 'employee agrees that he shall not whether during or after the termination of this agreement without limit in point of time'. As such it depends very much on the term or terms of the agreed contractual obligation or obligations. For instance, in *Maggbury Pty Ltd v. Hafele Australia Pty Ltd & Anor* [2001] HCA 70 the High Court of Australia recognised a contractual term that made one party to observe the obligation of confidence 'forever'.

[20] Further, in coming up with such proposition of law in *Svenson Hair Centre v. Irene Chin (supra)* the learned judge rationalised that a contrary view would mean an ex-employee could exploit confidential information with impunity. All that is needed to do is to wait until the expiry of the restriction period. Such an outcome could not have been intended by any of the contracting parties as it would defeat the very purpose of having a confidentiality provision in an employment agreement. We wholly agree with the rationale.

[21] Accordingly subject to the foregoing caveat and other principles of law and equity that may be applicable such as the doctrine of restraint of trade the answer to Leave Question 1 (should it be necessary to answer later on in this judgment) would be in the affirmative. In fact learned counsel for the defendants submitted that the proposition of law is a settled principle.

[22] In respect of Leave Question 2 learned counsel for the defendants also acknowledged that the principles of law referred therein are settled.

[23] As for Leave Question 4 learned counsel for the defendants submitted that Court of Appeal did not find or hold that cl. 2.1(d) of the Deed of Restrictive Covenant was void by reason of s. 28 of the Contracts Act or for any other reason. Thus, he urged us not to answer it.

[24] In any event, learned counsel for the defendants submitted that in the instant case it matters not how these three leave questions are answered. There would be no impact on the appeal since the claims of the plaintiffs failed on the pleadings, the facts and evidence as found by the Court of Appeal.

[25] Accordingly, we will begin by considering whether there is any merit in the submission. But in so doing we bear in mind the contention of learned counsel for the plaintiffs that the thrust of the claim of the plaintiffs is merely on the enforcement of contractual clauses on confidentiality and only in respect of the four aforementioned product lines of the plaintiffs. This contention appears to be in consonant with the view that generally, 'a contract of employment will have both express and implied obligations to ensure the employer's confidence'. 'Express and implied contractual obligations protecting confidential information of the employer will depend for their existence and their attributes solely upon the law of contract'. (See: *Deta Nominees Pty Ltd v. Viscount Plastic Products Pty Ltd* [1979] VR 167; *PH Hydraulics & Engineering Pte Ltd v. Intrepid Offshore Construction Pte Ltd And Another* [2012] 4 SLR 36).

[26] Anyway, on the claim by the plaintiffs that the second defendant had misappropriated their private and confidential information the following paragraphs in the statement of claim are pertinent, namely:

> 9. On or about 15th July 1987, the 2nd Defendant executed an Employee Confidentiality Agreement, wherein the 2nd Defendant expressly recognised that documented information on drawings, reports, data held on computer discs, software etc including but not limited to materials, tooling, machines, equipment, designs, processes, formulae, projects, products, costs, financial data, marketing plans, customer and supplier lists or business projections used by the 2nd Plaintiff, or any of its subsidiaries or affiliates (collectively 'referred to in that agreement and herein as "the Company") was confidential information and the property of the Company, and agreed that:
>
> (i) was not to be used other than in the business of the Company
>
> (ii) were not to be disclosed or made available to anyone or to use outside the Company organisation during or after his employment unless prior written information from the Company was obtained.'
>
> 10. On or about the 20th of December 1999, the 2nd Defendant executed a Deed of Restrictive Covenant, wherein he *inter alia* covenanted with the 3rd Plaintiff that he would not during the period of his employment with

A the 3rd Plaintiff or its subsidiary undertakings (defined in the Deed of Restrictive Covenant as "the Group") or at any time thereafter divulge to any person whomsoever or otherwise make use of (whether for his own or another's benefit), take away or retain and shall use all reasonable endeavours to prevent the publication or disclosure of any trade secret or confidential information concerning the businesses, finances, dealings, B transactions or affairs of the Group or any of its customers or clients entrusted to him or arising or coming to his knowledge during the course of employment with the Group.'

12. In fact, 2nd Defendant had acquired all confidential information which include but not limiting to the clientele and business development of the C Plaintiffs by virtue of his employment with the 2nd Plaintiff.

13. The 2nd Defendant as the Regional Director led the sale and marketing team of both 1st and 2nd Plaintiffs and travelled extensively in this region to solicit clients and develop new business opportunity for and on behalf of the Plaintiffs.

D 17. It has come to the Plaintiffs' attention that the 2nd Defendant has misappropriated the private and confidential information of the Plaintiffs and more specifically, the Plaintiffs are able to secure some concrete evidence of the Defendants' wrongdoings *vide* their investigation which was completed on 4.3.2005'

E 18. I am advised by the Plaintiffs' solicitors and verily believe that 2nd Defendant being the major director *cum* shareholder of the Defendant breached the terms of the aforesaid Employment Contract, Employee Confidentiality Agreement and Deed of Restrictive Covenant and/or his duties imposed by law and equity as a senior employee of the Plaintiffs and/or his obligations of confidence imposed by law and equity by acting F as follows:

a. Set up a rival company, the 1st Defendant, to carry out the same die-casting business and take over the Plaintiffs' clients, and/or

b. Used the knowledge and confidential information he had obtained during his tenure with the Plaintiffs to gain an unfair advantage G over the Plaintiffs when bidding for their client's' work as he had full knowledge of the Plaintiffs' clientele and their pricing strategy for each and every client of the Plaintiffs, and/or

c. used manufacturing techniques developed by the Plaintiffs, in particular but not limited to copying the die-casting machines and/ H or specific features, that is to say, a ring toggle device and/or the software for the Programme Logic Controllers for the die-casting machines developed by the Plaintiffs in the course of their manufacturing experience and in the industry of die-casting.

d. authorised and/or caused the infringement of the Plaintiffs' I copyright materials, as elaborated on below.

e. The Defendants through 2nd Defendant had unlawfully kept or possessed the copyright materials of the Plaintiffs without the knowledge or authorisation of the Plaintiffs;

f. The 1st Defendant through 2nd Defendant had consciously intended to gain publicity and popularity by utilising the Plaintiffs' copyrighted materials and caused his promotional materials to be circulated freely within the market and more specifically in die-casting industry without the knowledge, consent or authorisation and/or license of the Plaintiffs;

g. The Plaintiffs are unable before the discovery to give particulars of all the breaches committed by 2nd Defendant but will at the trial of this action seek to recover in respect of all such acts.

[27] We note that there is nothing in the statement of claim indicating that the plaintiffs confined their claim for breach of confidentiality clauses only on their four product lines. On the contrary the claim is cast in the broadest terms possible including the various purported acts committed by the second defendant allegedly in breach of his covenants with the plaintiffs.

[28] While it is true that the claim of the plaintiffs is only to enforce the contractual clauses related to confidential information entered and agreed upon by the second defendant we do not think it is sufficient in the statement of claim by merely stating that the second defendant had 'misappropriated the private and confidential information of the plaintiffs'.

[29] Surely more particulars should have been given on the alleged misappropriated private and confidential information. The second defendant is entitled to know what are the private and confidential information allegedly to have been misappropriated by him. It would then allow him to contest the claim of privacy and confidentiality of those information. After all 'information will only be protected if it can properly be classed as a trade secret or as material which, while not properly to be described as a trade secret, is in all the circumstances of such a highly confidential nature as to require the same protection as a trade secret *eo nomine*.' (See: *Faccenda Chicken Ltd. v. Fowler* [1987] Ch 117; *Ixora Trading Incorporated v. Jones* [1990] FSR 251).

[30] Hence, even on the pleadings point we find merit in the submission of learned counsel for the defendants. In our view the Court of Appeal is therefore quite justified in saying this:

> In the matter before us the Plaintiffs' complaint as observed earlier was that the 2nd Defendant had 'stolen' information (in general terms) and used it for his own benefit through the 1st Defendant. It needs to be reiterated however that as in the situation of 'breach of confidentiality' allegation, the Plaintiffs had here firstly failed to identify with sufficient particularity in their pleading (Statement of Claim), what was that 'confidential information' that had been misused and whether it was peculiarly part of Dynacast Group's intellectual property.
>
> If the impugned 'information' was from within the general fund of the 2nd Defendant's own knowledge, exposure and experience accumulated in the die cast industry over the years as was the case here (and this would include potential customers, price trends in the market/public

A domain etc), there was definitely no grounds, in our assessment to hold that there had been a 'breach of fiduciary duty' or even a breach of confidentiality by the 2nd Defendant in this case.

[31] Learned counsel for the plaintiffs submitted that the general rule of information sought to be protected as confidential information must have the B necessary quality of confidence to it and applies only in circumstances where there is no applicable confidential clause operative between the parties. The rule does not apply where as in this instant case an express clause has been agreed by the parties. It then becomes only an enforcement of a contractual clause. This submission appears to echo what Megarry J said in *Coco v. A N* C *Clark (Engineers) Ltd* [1969] RPC 41 at pp. 46 - 47:

> In the case before me, it is common ground that there is no question of any breach of contract, for no contract ever came into existence. Accordingly, what I have to consider is the pure equitable doctrine of confidence, unaffected by contract.
>
> D ...
>
> In my judgment, three elements are normally required if, apart from contract, a case of breach of confidence is to succeed. First, the information itself, in the words of Lord Greene, MR. in the *Saltman* case on page 215, must have the necessary quality of confidence about it. E Secondly, that information must have been imparted in circumstances importing an obligation of confidence. Thirdly, there must be an unauthorised use of that information to the detriment of the party communicating it.
>
> In cases of contract, the primary question is no doubt that of construing the contract and any terms implied in it.
>
> F

[32] While we wholly accept what was said by Megarry J, we note that those elements mentioned are for a plaintiff to establish in order to succeed. It is entirely another matter where the particulars of the private and confidential information allegedly misappropriated are required by the G second defendant to enable him to contest the claim of privacy and confidentiality of those information. And it comes to mind what was said by Mummery J in *Ixora Trading Incorporated v. Jones (supra)*, also a case involving the enforcement of confidentiality provision, at pp. 261-262:

> It is all so general that the defendants cannot possibly tell what H knowledge or experience they can or cannot use after they left their employment. All that they can know with any certainty is that the plaintiffs do not on any account wish either of the defendants to be engaged in the bureau de change business. This is not something which the plaintiffs are entitled to achieve under the cloak of a vaguely pleaded case for breach of duty or breach of confidence.

I **[33]** And on the use of the doctrine of confidential information by employers, the need for a clear case before its invocation and the harmful effects of its abuse, Scott J in *Balston Ltd v. Headline Filters Ltd Another* [1987] FRS 330 at p. 351 had this to say:

> This case is, in my view, yet another example of an attempt by an employer to use the doctrine of confidential information to place fetters on the ability of ex-employees to compete. Technologically based industries abound. All have what they regard as secrets. Employees, particularly those employed on the scientific or technical side of the manufacturing business, necessarily acquire knowledge of the relevant technology. They become associated with technological advances and innovations. Their experience, built up during their years of employment, naturally equips them to be dangerous competitors if and when their employment ceases. The use of confidential information restrictions in order to fetter the ability of these employees to use their skills and experience after determination of their employment to compete with their ex-employer is, in my view, potentially harmful. It would be capable of imposing a new form of servitude or serfdom, to use Cumming-Bruce LJ's words, on technologically qualified employees. It would render them unable in practice to leave their employment for want of an ability to use their skills and experience after leaving. Employers who want to impose fetters of this sort on their employees ought in my view to be expected to do so by express covenant. The reasonableness of the covenant can then be subjected to the rigorous attention to which all employee covenants in restraint of trade are subject. In the absence of an express covenant, the ability of an ex-employee to compete can be restricted by means of an implied term against use of disclosure of trade secrets. But the case must, in my view, be a clear one. An employee does not have the chance to reject an implied term. It is formulated and imposed on him subsequently to his initial entry into employment. To fetter his freedom to compete by means of an implied term can only be justified, in my view, by a very clear case. The present is, to my mind, a long way from that.

[34] On the evidence adduced to substantiate the claim of the plaintiffs for breaches of the confidentiality clauses by the second defendant the Court of Appeal came to these factual findings:

> Clearly therefore the observations made and conclusions arrived at by the learned Trial Judge were without proper and sufficient appreciation of the totality of the evidence placed before the court. What was more disconcerting was the fact that this misdirection by the learned Trial Judge was in respect of a foundational aspect of the Plaintiffs' case, that the Defendants had breached confidential obligations and had 'encroached' into the ongoing Marlin, Guppy, Piranha, Waris projects of the Dynacast Group with Motorola.
>
> ...
>
> As also highlighted above, there had also been insufficient evaluation of the evidence established at the trial in any case. The Plaintiffs' primary witness Nagoor Sherif Babu could not pinpoint the 'documented information' of the Plaintiffs that had been "stolen" or misused by the 2nd Defendant. This witness too stated that it was not the Plaintiff's case that 2nd Defendant had secretly made or copied material belonging to the Plaintiffs and that the 2nd Defendant was in any event entitled freely to compete/meet customers of the Plaintiffs after the lapse of the 12 month

A period. It was incomprehensible how in the circumstances the learned Trial Judge could come to a conclusion that there had been 'poaching' of Plaintiffs' customers by the Defendants.

[35] With respect, being factual findings we do not think it is within our province to interfere in them in this appeal. Suffice it to say that even on B cursory reading of the extracts of the evidence reproduced by the Court of Appeal in its judgment we are fortified in our view that those findings do not require our intervention.

[36] Hence, while we have expressed our view on what the answer should be for Leave Question 1, for the reasons we have given herein we are C therefore inclined to agree with the submission of learned counsel for the defendants that the answers to Leave Questions 1, 2 and 4 whether in the affirmative or negative do not alter the fact that the claim of the plaintiffs for breaches of confidentiality clauses must fail on account of vague and insufficient pleadings as well as from the evidential aspect. We therefore D decline to affirmatively answer these three Leave Questions 1, 2 and 4.

Leave Question 3

[37] This leave question deals with the second head of claim of the plaintiffs that is on alleged infringement of copyright by the defendants. The E plaintiffs are dissatisfied both the courts below which ruled that they have not proved their ownership of copyright of the materials referred to in their statement of claim.

[38] The learned High Court Judge briefly ruled thus:

F 15. As for the second head of breach of copyright, I agree with the defendants that the plaintiffs have failed to prove ownership of copyright of the photographs and marketing brochures which the plaintiffs claim the defendants to have infringed. The plaintiffs called one Peter Lewis, the Managing Director of Concept Associates which was commissioned to produce the marketing and promotional brochures. Most of Peter Lewis' G evidence (PW1) was hearsay.

16. I find the claim under breach of copyright has not been proved on the balance of probabilities and is therefore dismissed.

[39] The Court of Appeal also took the same view after considering firstly, that there was 'no similarity between the plaintiffs' promotional material H (put together by 'Concept Associates' a commissioned private agency) and the defendants' brochure, insofar as its layout, its title or its content was concerned.' The court found that the contentious images/photographs 'were found dispersed at various pages in the plaintiffs' promotional material' whereas 'in the defendants' brochure some similar representations were I found all on the cover page thereof'. 'Secondly, those certain images/ photographs were of products belonging to entities like Motorola, Compaq, General Electric etc, as attributed in the plaintiffs' promotional material itself.'

[40] And the Court of Appeal ruled thus:

> We were of the view that the learned Trial Judge was therefore right in the circumstances in holding that the mere calling of a witness from Concept Associates (the agency) was not sufficient to prove ownership of the copyright to the images/photographs in question. In any event the subject of the infringement allegation brought against the Defendants was not that the get up or layout or even material within the Plaintiffs' promotional material had been 'word for word' reproduced or adopted in the 1st Defendants' brochure.

[41] The learned co-counsel for the plaintiffs submitted that there was no issue of hearsay since s. 26 of the Copyright Act 1987 provided the answer. Learned counsel argued that the section is 'a statutory vesting of copyright provision'. The relevant sub-sections read:

> (I) Copyright conferred by section 10 shall vest initially in the author.
>
> (2) Notwithstanding subsection (6) of section 27, where a work:
>
> (a) is commissioned by a person who is not the author's employer under a contract of service or apprenticeship;
>
> or
>
> (b) not having been so commissioned, is made in the course of the author's employment,
>
> the copyright shall be deemed to be transferred to the person who commissioned the work or the author's employer, subject to any agreement between the parties excluding or limiting such transfer.

[42] And it was further submitted for the plaintiffs that it would have been redundant for the employee from concept, William Greaves to be called as a witness in view of s. 26 and the explicit statement of PW1 'that the copyright to the collage in the marketing and promotional brochures belong' to the third plaintiffs.

[43] In response learned counsel for the defendants contended that we should not consider this head of claim of the plaintiffs due to the 'concurrent findings and decisions of the courts below in rejecting' the plaintiffs' claim for copyright infringement 'were based on the evidence'.

[44] It is also further submitted for the defendants that the Leave Question 3 is 'premised on the assumption that the issue of copyright in this case relates to a collage made by an agent commissioned' by the plaintiffs when in fact:

> (a) It relates to certain photographs taken by a third party, and not any collage of work made by that agent; and
>
> (b) The issue of copyright infringement here turned on the facts and evidence - whether the Appellants (Plaintiffs) had proved ownership of copyright to the photographs in question.

[45] We have alluded above the plea of the plaintiffs on their claim for infringement of copyright by the defendants. The plea is predicated by this assertion in the statement of claim:

> 21. On or about July 2004, it came to the Plaintiffs' attention that the 1st Defendant who operates a similar business in die-casting has published a promotional booklet and/or leaflet featuring many photographs adopted from the Plaintiffs' materials either found on the website or Plaintiffs' advertising materials (hereinafter referred to as "the said work");

[46] The Court of Appeal summarised the pleaded case of the plaintiffs on copyright as being an 'allegation that the defendants had infringed the plaintiffs' copyright' in that 'certain images/photographs of products found within the plaintiffs' promotional material had been 'uplifted' and used (reproduced) on the cover of the defendants' brochure'. We agree with the summary.

[47] Having therefore considered the pleaded case of the plaintiffs on the issue of copyright, the findings of the courts below and the respective submissions of learned counsel for the parties, we are inclined to agree with learned counsel for the defendants that the findings of the courts below are facts-sensitive.

[48] We also find that s. 26 of the Copyright Act 1987 did not feature in the judgments of the courts below. It would therefore appear that the claim was fought very much on facts and evidence as borne out by the findings of the courts below. As such we do not think we should deal with the implication of s. 26 in this instant case. Accordingly, we decline as well to answer Leave Question 3.

Conclusion

[49] In the upshot we dismiss with costs this appeal by the plaintiffs on all heads of claim.

[50] This is a unanimous judgment. A panel member, Tan Sri Abdull Hamid bin Embong had since retired. This judgment is therefore delivered pursuant to s. 78(1) of the Courts of Judicature Act 1964.